weekly economic review

September 13, 2013

Housing Starts

New home construction cools in August

Alberta housing starts fell below 30,000 (annualized) for the first time in over a year, hitting 26,900 in August. After several months of strong numbers, August's starts came in 7.9% below the same month last year. Despite the decline, housing starts have been impressive in the first eight months of 2013, averaging an annualized 35,300. Rising residential building permits point to continued strength in home construction (see chart).

Nationally, the new housing market continues to cool. Canadian housing starts dropped to 180,300 last month, largely due to losses in multi-unit starts (e.g. apartments). National housing starts have fallen year-over-year in every month since December.

Building Permits

Calgary leads surge in permits

The total value of building permits in Alberta spiked in July by 19.1% over June and by 50.1% over the same month last year. Strong year-over-year growth was seen in both residential and non-residential sectors, with only industrial permits declining. Calgary led all regions in July, with permits more than doubling July 2012's level due to strong gains in institutional/government, residential and commercial permits. Reconstruction efforts following the flooding in late June likely contributed to the jump in Calgary permits.

Nationally, permits were up 17.2% in July, with non-residential growth offsetting a dip in residential permits.

New Housing Price Index (NHPI)

Growth hits five year high

Alberta's NHPI continued to accelerate in July, rising 3.0% over the same month last year. This increase was the highest since April 2008 and mainly reflects gains in the housing component (+3.8%), as land prices grew 1.5%. Calgary continued to lead Alberta's two major cities with a 5.8% year-over-year increase in July, well ahead of Edmonton's 0.6% gain.

At the national level, new home prices posted a more modest 1.9% increase.

National Household Survey (NHS)

Alberta registers strong incomes

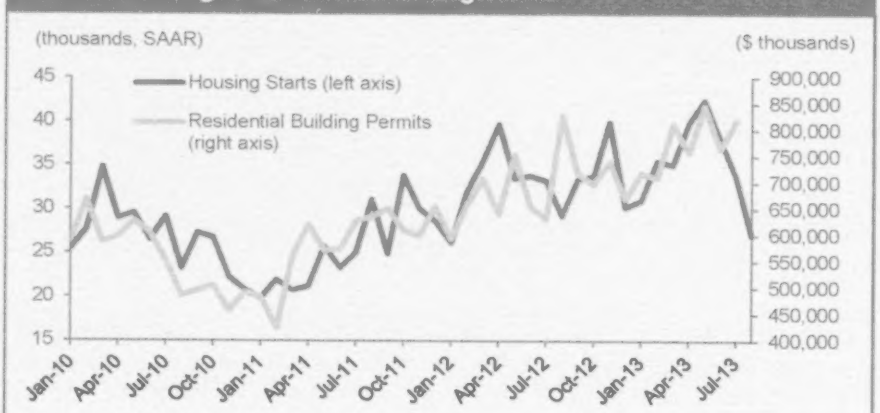
Albertans had the highest median income among all provinces at $34,018 in 2011, according to recently released NHS data (the survey captures anyone 15 years or older reporting income). This is 22.3% higher than the Canadian median income. The Alberta income premium was particularly high for people with trades and apprenticeship training. Holders of a trades and apprenticeship certificate or diploma had a median income of $46,478 in Alberta, 41.7% above the national average.

Japan Real GDP

Recovery in Japan builds momentum

Japanese real GDP grew at an annual rate of 3.8% in the second quarter, 1.2 percentage points higher than previously estimated. New estimates for non-residential business investment were mostly responsible for the revision. Japan has led advanced economies in growth so far in 2013, lending credence to their ambitious fiscal and monetary stimulus measures.

Alberta Building Permits and Housing Starts



Source: Statistics Canada and CMHC

Closing Price	Sept. 6, 2013	Sept. 12, 2013	2013-14 Fiscal YTD
Canadian Dollar (US$/$CAN)	95.24	96.90	96.99
WTI Oil ($US/bbl)	108.37	108.60	99.50
NYMEX Natural Gas($US/MMBtu)	3.58	3.64	3.80

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Alberta Economic Indicators

Population	2011	2012	2013YTD	Mar	Apr	May	June	July	Aug
Population (000's)	3,778	3,874	3,965	..	3,965	..	..	..	..
y/y % change	1.5	2.5	3.2	..	3.2	..	..	..	..
Net Interprovincial Migration[1]	8,443	28,170	38,686	..	13,438	..	..	..	..
Net International Migration[1]	16,703	37,990	30,779	..	13,674	..	..	..	..
Net Non-permanent Residents[1]	-7,604	9,721	9,762	..	6,949	..	..	..	..
Labour Market									
Employment (000's), SA	2,094	2,150	2,189	2,168	2,183	2,201	2,201	2,217	2,232
y/y % change	3.8	2.7	2.3	1.7	1.9	2.3	2.6	3.0	3.6
Unemployment Rate (%), SA	5.5	4.6	4.6	4.8	4.4	4.8	5.0	4.5	4.8
Participation Rate (%), SA	73.7	73.4	72.9	72.6	72.5	73.3	73.1	73.0	73.6
Average Weekly Earnings ($), SA	1,035.75	1,067.98	1,101.73	1,098.08	1,099.83	1,119.34	1,109.80	..	..
y/y % change	4.4	3.6	4.0	3.4	3.5	5.4	3.9	..	..
Price Indices									
Consumer Price Index (y/y % change)	2.4	1.1	1.4	1.2	1.3	2.3	2.3	2.2	..
Excluding food and energy	0.8	1.4	1.3	1.2	0.9	1.1	1.6	1.9	..
Non-Res Building Const Price Index[2] (y/y % change)	3.4	3.8	1.1	1.4	..	..	0.9	..	..
Farm Product Price Index (y/y % change)	18.1	6.3	4.9	4.4	4.9	5.9	5.3	..	..
Crops	19.0	6.7	-8.0	9.3	7.0	7.2	5.9	..	..
Livestock	17.2	5.9	2.2	-0.2	2.9	4.8	4.7	..	..
Household Sector									
NEW: Housing Starts (SAAR, 000's)	25.5	33.3	36.3	35.1	39.8	42.4	38	33.7	26.9
y/y % change	5.0	30.7	7.3	1.0	0.3	26.4	12.4	1.4	7.9
NEW: New Housing Price Index[2] (y/y % change)	0.4	1.3	2.6	2.4	2.5	2.7	2.9	3.0	..
Edmonton	0.9	0.9	0.6	0.6	0.4	0.2	0.6	0.6	..
Calgary	0.1	1.7	4.7	4.3	4.7	5.3	5.3	5.8	..
MLS Average Resale Prices ($ 000's)[3]	352.7	362.0	376.0	378.0	375.8	375.6	376.5	377.1	..
y/y % change	0.5	2.6	4.6	5.8	4.0	2.9	4.4	4.4	..
Edmonton ($ 000's)	324.2	332.7	340.9	342.3	345.3	339.6	344.7	340.0	..
y/y % change	0.7	2.6	2.7	3.3	4.7	1.1	3.7	2.8	..
Calgary ($ 000's)	401.9	410.8	432.1	435.2	425.4	424.8	431.0	438.3	..
y/y % change	1.1	2.2	6.1	7.6	3.5	2.6	5.3	6.8	..
Retail Sales, SA (y/y % change)	6.8	6.9	6.5	5.1	6.8	7.3	7.7	..	..
New Motor Vehicle Sales (y/y % change)	9.6	10.5	6.6	-0.1	19.7	7.0	3.4	..	..
Consumer Bankruptcies	7,029	5,759	2,560	429	464	434	375	..	..
y/y % change	-13.6	-18.1	-18.5	-24.5	-11.3	-15.7	-22.5	..	..
Business Sector									
Rigs Drilling	286	250	230	306	115	88	115	187	230
y/y % change	30.4	-12.6	-7.4	-9.5	18.2	0.3	-17.3	-5.7	7.0
Goods Exports, customs based (y/y % change)	18.4	1.8	2.1	0.9	-1.0	11.6	0.5	13.7	..
Energy	19.2	2.1	2.3	-1.4	-2.4	12.3	0.4	17.1	..
Farm, Fishing and Intermediate Food	27.2	20.6	0.7	5.4	6.4	7.1	-16.0	5.8	..
Farm Cash Receipts (quarterly, y/y % change)	16.7	14.1	9.3	9.3	..	..	..	..	..
Manufacturing Shipments, SA (y/y % change)	17.3	3.4	-1.4	-3.6	3.7	0.8	2.7	..	..
Wholesale Trade, SA (y/y % change)	14.7	10.9	2.3	2.7	0.3	0.0	..	..	..
NEW: Building Permits, SA (y/y % change)	11.6	14.7	22.9	36.6	11.4	1.2	21.6	50.1	..
Residential	5.2	17.7	17.0	14.6	18.4	12.3	16.6	29.8	..
Non-residential	20.9	11.0	30.4	72.1	5.1	12.0	28.5	78.0	..
Business Bankruptcies	264	230	71	12	15	11	9	..	..
y/y % change	-30.2	-12.9	-47.0	36.8	-25.0	-50.7	-59.1	..	..

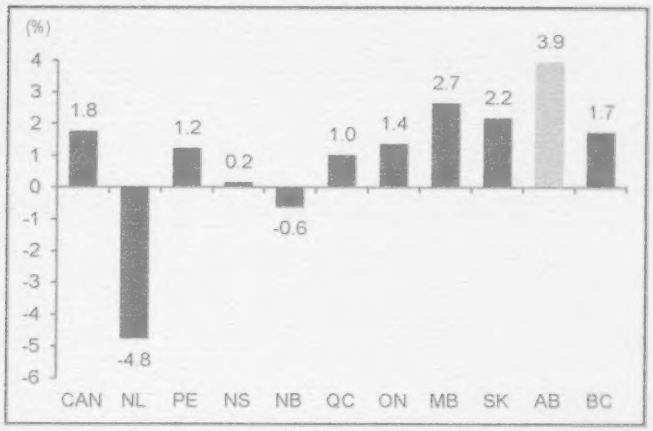
1 Quarterly, annual numbers are presented on a census year basis (July 1 – June 30)
2 Quarterly, average of Calgary and Edmonton
3 Average of Calgary and Edmonton
YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted, "SAAR" denotes seasonally adjusted at annual rate

Sources: All data are from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canada Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the superintendent of Bankruptcy Canada).

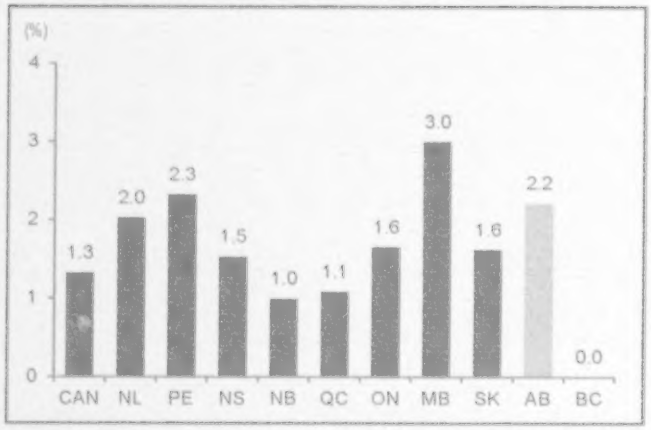
All historical data are subject to revision.

Economic Indicators by Province

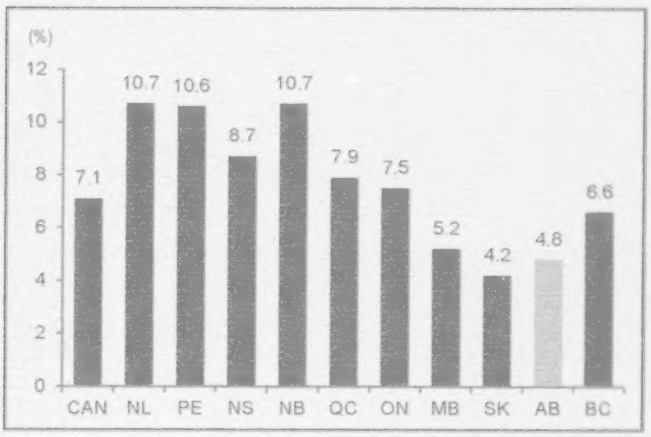
Real GDP by Industry
(2012, year-over-year growth)



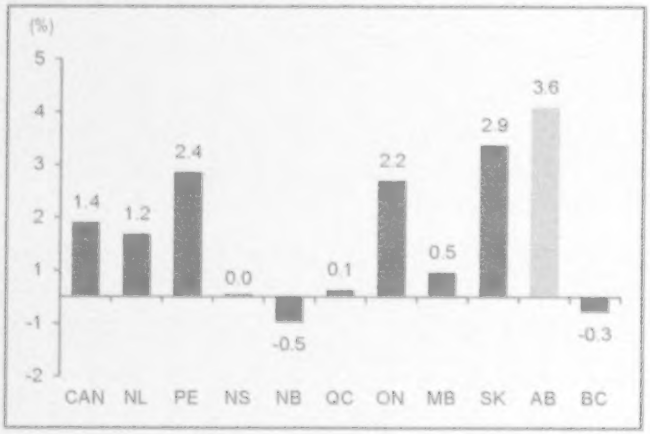
CPI Inflation
(July 2013, year-over-year growth)



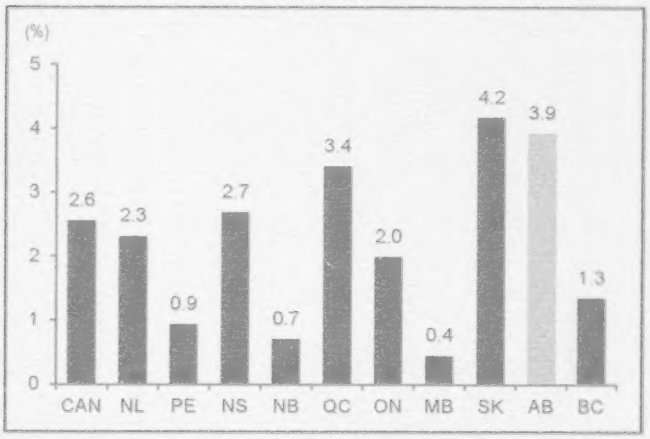
Unemployment Rate
(August 2013)



Employment
(August 2013, year-over-year growth)



Average Weekly Earnings
(June 2013, year-over-year growth)



Housing Starts
(August 2013, SAAR, year-over-year growth)